

Message Text

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FM SECSTATE WASHDC

TO AMEMBASSY ROME

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FOR FODAG (USDEL AHALT)

FOLLOWING REPEAT MADRAS 801 ACTION NEW DELHI INFO
TEHRAN BOMBAY CALCUTTA SECSTATE USDOC 28 JUNE.

QUOTE

C O N F I D E N T I A L

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DEPT PASS OPIC

E.O. 11652: N/A

TAGS: EIND, EAGR, IN

1. MADRAS FERTILIZERS LIMITED (MFL), JOINTLY OWNED
BY THE GOI, AMOCO, AND THE NATIONAL IRANIAN OIL
COMPANY, HAS BEEN SHUT DOWN FOLLOWING AN ACCIDENT
ON THE EVENING OF JUNE 22, 1974.

2. ACCORDING TO AMERICAN MANAGING DIRECTOR R. STEINHOFF,
SEVERE LOCALIZED CORROSION AT A BEND IN THE SIXTEEN
INCH SEMI-LEAN SOLUTION PIPELINE SUPPLYING SATALYZED
HOT POTASSIUM CARBONATE TO THE ABSORBER CAUSED A
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SUDDEN RUPTURE. THE JET OF ESCAPING SOLUTION

AT 240 DEGREES FAHRENHEIT SHATTERED THE TOUGHENED GLASS OF THE ADJACENT AMMONIA PLANT CONTROL ROOM AND TRAPPED TEN WORKERS INSIDE. EIGHT WERE BOILED ALIVE ON THE SPOT. ONE DIED ON THE WAY TO THE HOSPITAL, AND THE OTHER IS APPARENTLY RECOVERING. HAD THE ACCIDENT OCCURRED ALMOST ANYWHERE ELSE IN THE PLANT IT WOULD PROBABLY NOT HAVE CAUSED ANY DEATHS.

3. MFL HAS FORMED AN INVESTIGATING TEAM CONSISTING OF T.R. VISWANATHAN, TECHNICAL SERVICES SUPERINTENDENT OF MFL AND FORMERLY DEPUTY PROJECT MANAGER; E.P. WELLS, FORMER MFL PLANT MANAGER; AND E.A. STICKA, ENGINEERING RESEARCH EXPERT. THE LATTER TWO ARRIVED FROM THE U.S. JUNE 27. THE INVESTIGATORS MAY ASK FOR OTHER EXPERTS FROM AMOCO OR THE NIOC IF NEEDED.

4. STEINHOFF EXPECTS MFL TO BE SHUT DOWN FOR TWO WEEKS. DURING THIS TIME ITS DAILY OFFTAKE OF 700 TONS OF NAPHTHA FROM THE MADRAS REFINERY WILL BE SUSPENDED. THE REFINERY IS UNABLE TO STORE NAPHTHA; HOWEVER, A REFINERY OFFICIAL TOLD US THAT THE INDIAN OIL CORPORATION HAS MADE ARRANGEMENTS TO SELL THE NAPHTHA, AND IF NEEDED THE REFINERY COULD ALTER ITS PRODUCT MIX TO TURN OUT MORE GASOLINE.

5. STEINHOFF SAID HE EXPECTS THE UREA PLANT TO BE SHUT DOWN NO MORE THAN TWO WEEKS. UREA OUTPUT IS BETWEEN 500 TO 600 TONS A DAY. STEINHOFF SAID MFL HAS INVENTORIES SUFFICIENT TO KEEP NPK PRODUCTION AT A NORMAL 1,000 TONS PER DAY. THE LOSS OF UREA PRODUCTION WILL NOT HURT THE COMPANY'S PROFITS SINCE, EVEN WITH THE LATEST PRICE INCREASE, MFL IS LOSING 20 RUPEES ON EVERY TON OF UREA IT PRODUCES.

6. THE LOSS OF UREA COULD, HOWEVER, HAVE MORE SERIOUS CONSEQUENCES FOR FOODGRAIN PRODUCTION. UREA IS USED AS A TOP DRESSING ABOUT 30 DAYS AFTER THE INITIAL BASAL FERTILIZER APPLICATION, AT A RATE LIMITED OFFICIAL USE

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OF 100 KILOS PER ACRE. IF 500 TONS IS NOT PRODUCED FOR 14 DAYS, THE LOSS WOULD AMOUNT TO 7,000 TONS, SUFFICIENT TO COVER 70,000 ACRES. A LOCAL RULE OF THUMB IS THAT ONE TON OF FERTILIZER YIELDS TEN TONS OF GRAIN. ON THIS BASIS THE FERTILIZER LOSS, IF NOT MADE UP BY INCREASED IMPORTS, WOULD CUT BACK GRAIN PRODUCTION BY 70,000 TONS, EQUAL TO ONE PERCENT OF TAMIL NADU'S ANNUAL FOODGRAIN PRODUCTION.

THE UREA WILL BE NEEDED AROUND THE END OF JULY
FOR CURRENT PLANTINGS. WITH LOW WATER LEVELS
IN DAMS ALREADY DELAYING IRRIGATION AND THREATENING
TO REDUCE OCTOBER YIELDS, THIS DEVELOPMENT CAN
ONLY INTENSIFY THE ALREADY UNPRECEDENTED INFLATION
OF FOOD PRICES. AT RUPEES 4.20 FOR A KILO AND
A HALF RICE MEASURE, PRICES IN MADRAS ALREADY ARE
AT A LEVEL WHICH, IF SUSTAINED, WILL RESULT IN
INCREASING SOCIAL UNREST.

7. SOBERING FOOTNOTE: THIRTY HOURS BEFORE THE
ACCIDENT, TWO CONGEN OFFICERS AND ROBERT MORLEY,
THE NEW INDIA DESK OFFICER, WERE VISITING MFL
AND WERE STANDING IN THE SAME CORNER OF THE
CONTROL ROOM WHERE THE NINE MEN DIED.
EAVES UNQUOTE SISCO

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